

# A Study On Factor Influencing Mutual Fund Investment

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**Abstract:** Mutual funds pool money from different investors and invest in different investment sources like stocks, shares, bonds etc. A professional fund manager manages these and returns are paid in form of dividends. Some schemes assured fixed returns that are less in risk and some offer dividends based on the market fluctuations and prices. Mutual funds give small or individual investors access to professionally managed portfolios of equities, bonds, and other securities. The main objective of the research is to study the Investor's behaviour regarding mutual fund like their objective of investment, saving, also factor influencing the buying behaviour of investor. Researcher collected data from the primary data from 95 samples from the Surat district. Data collection method was structured questionnaire where Likert scale and multiple choice questions. In questionnaire multi response questions are included and after collecting data researcher used different statistical test like frequency analysis, one sample t-test, and crosstab analysis. This project undertaken deals with customer perception with regard to mutual funds that is the schemes they prefer, the plans they are opting, the reasons behind such selections and also this project dealt with different investment options, which people prefer along with and apart from mutual funds. Like postal saving schemes, recurring deposits, bonds, and shares. People are more positive towards investment in mutual fund because regular return, less risk, large no. of options available for investment, diversification, easily accessibility, etc.

**Keywords:** regular return, less risk, diversification, positive about mutual fund, investment.

## 1. Introduction

Mutual funds give small or individual investors access to professionally managed portfolios of equities, bonds, and other securities. Each shareholder, therefore, participates proportionally in the gains or losses of the fund. Mutual funds invest in a vast number of securities, and performance is usually tracked as the change in the total market cap of the fund derived by the aggregating performance of the underlying investments. A mutual fund is both an investment and an actual company. This dual nature may seem strange, but it is no different from how a share of AAPL is a representation of Apple Inc. When an investor buys Apple stock, he is buying partial ownership of the company and its assets. Similarly, a mutual fund investor is buying partial ownership of the mutual fund company and its assets. The difference is that Apple is in the business of making innovative devices and tablets, while a mutual fund company is in the business of making investments.

## 2. Literature Review

Manoj sharma, hardeep kaur, purva Jain (2012) Studied about the factor influencing satisfaction of investors towards mutual funds industry using Servqual I model. The aim of the study was to identify the factors which influence the satisfaction level of customers with respect to mutual fund companies. Another was found out that the real impact effect on investor's satisfaction as well as their perception. Concluded that the factors of the Servqual model and the employment status of the customer satisfaction in the mutual fund industry. For this purpose, they used Servqual model to identify the gaps between the expectation and satisfaction level of the customers. Ms. S. Neelima, Dr. D. Surya Chandra rao (2016). Studied about the factors influencing investors in mutual funds selection. The aim of the study was to study the factor influencing the fund selection behaviour of retail investors by applying factor analysis tool. Through primary data. This study is proposed to analyze the factors which influence the behaviour of investors in selection of mutual fund. And study on this aspect is necessary to update the knowledge. This study uses in questionnaire method. Their various factors identified in the study provide some valuable input regarding the investor's pattern. Dr. V. Ramanujan, B. Selva Veera Kumar (2014). Studied about the factor influencing for investment in mutual fund among the investors with reference to Madurai district. The aim of the study was to reveal the important discriminate factors among the different customer's segments in mutual funds market. The secondary data are collected from the books journals and various reports related to mutual funds market in India. Finding of these studies was revealed that. The institutional investors are well versed then the individual investors in the mutual funds market. Dr. Bernadette D'silva (2012). Studied about the factor influencing mutual fund investment in India. The aim of the study was to enables to fund managers to understand investment pattern and preference of investor's behind investing in mutual funds. Through primary data. Author was found out the factor that are responsible in increasing the mutual fund investment in India. The study also analyses that the investor behind investing in mutual fund definitely influence in the selection of the mutual fund scheme for investment Dr. Ravi Vyas (2013). Studied about the factor influencing investment decision in mutual funds. The aim of the

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Table 1  
Percentage analysis

Questions	No. of Investors	% age	Questions	No. of Investors	% age
<b>Gender</b>			<b>Education</b>		
Male	70	76.1%	Primary Education	9	9.8%
Female	22	23.9%	Secondary Education	21	22.8%
<b>Total</b>	<b>92</b>	<b>100%</b>	Graduated	44	47.8%
<b>Occupation</b>			Post Graduated	39	20.0%
Students	11	12.0%	<b>Total</b>	<b>92</b>	<b>100.0</b>
Businessman	31	33.7%	<b>Age group</b>		
Serviceman	14	15.2%	20 - 30	25	27.2%
Private employee	36	39.1%	31 - 40	36	39.1%
<b>Total</b>	<b>92</b>	<b>100%</b>	41 - 50	26	28.3%
<b>Know about Mutual Fund</b>			51 - 60	5	5.4%
Television	8	8.7	<b>Total</b>	<b>92</b>	<b>100%</b>
News Paper	8	8.7	<b>Income</b>		
Magazine	2	2.2	< 2,00,000	25	27.2%
Internet	16	17.4	2,00,000 to 4,00,000	33	35.9%
Friends/Relatives	26	28.3	4,00,000 to 6,00,000	23	25.0%
Financial Advisor	29	31.5	> 6,00,000	11	12.0%
Others	3	3.3	<b>Total</b>	<b>92</b>	<b>100%</b>
<b>Total</b>	<b>92</b>	<b>100.0</b>			

study was to finding the proved to be great use to government and regulatory authorities for streamlining the working of asset so as to put a check the exploitation of small investor. The working of asset so as to put a check the exploitation of small investor. The primary data will be collected through questionnaire the secondary data will be collected from related from related research works, published book. Author was found out that the research will mainly use to government and regulatory authorities for streaming the working of asset management companies so as to put a check the exploitation of small investor who are the most needed with support for advisory services. Dr. J.S. Pas Richa (2017). Study about the influence of macroeconomic indicators on mutual funds market India. The aim of the study was to study whether the combined effect of all lags of independent variable are significant in affecting the mutual fund flows in India. Through primary based on the annual data covering a period of 15 years from April 2000 to march 2015. The study also analyze that the flow from mutual funds are considering affected by their own legs, implying that they flow their own past strategy while making the investment decision. Y. Maheswari (2014). Study about the comparative study on performance on performance of selected mutual funds in India. The aim of the study was to know whether the mutual funds are able to provide reward to changeability and volatility. The primary goal of this investigation work is to contemplate money related execution of selected mutual fund schemes through the factual parameters. The findings of this study were supportive to investors for their investment choices in future. This study helped the investigator in understanding the different categories of mutual fund and the best performing mutual fund from a selected pool of mutual fund. Rajan bilas bajracharya (2017). Studies about the investor's attitude towards mutual fund in Kathmanducity, Nepal. The aim of the study was to investors attitude is not independent towards mutual fund on the basis of demographic and socioeconomic variable. Author was found out that the primary goal behind investment in mutual fund is to earn goods return with comparatively low risk. The purpose of this research was to rank different; sources investors use to

make investment decision on the basis on their preference. Rizwanu khurshid (2016). Studies about the investor's perception and behaviour towards mutual funds as an investment. The data for this study is collected from secondary sources. This research work mainly used survey approach. Author was found out that the mutual fund industry has recorded a rapid growth in the past two decades. The paper makes an attempt to highlight various factors affecting perception of investors regarding mutual funds. Dipak chawla (2014). Studied about the empirical analysis of factor influencing investment in mutual funds in India. The aim of the study was to understand the mutual fund buying behaviour of individual investment. Through primary data. Research finding that mutual funds are meant for small investors with meagre saving and low income. The article identifies the various attributes that investors consider important in mutual fund.

### 3. Objective of the Research

- To find out the savings objective of the investors.
- To study influencing the mutual fund buying behavior of individual investor.
- To identify the factor which influence the satisfaction level of customers with respect to mutual fund companies.

### 4. Research Methodology

Primary data: Primary data is a type of dada that is collected by researchers directly from main source through interviews, surveys, experiments, etc. Primary data are usually collected from the source where the data originally originates from and are regarded as the best kind of data in research. The present study describes a research design as "a plan that describe how, when and where data are to be collected and analyzed". It basically shows how study will be conducted to fulfil the defined objectives.

#### A. Sampling Method

- Population: Mutual Fund Investor People
- Sampling Frame: In this data collected from mutual

fund investor person of Surat district.

- Sampling Size: Aim of this study is to find awareness of personal financial planning. In Surat city 100 mutual fund investor were selected.
- Sampling Technique: sampling technique can be broadly classified as non – probability and probability sampling. Non probability technique of selecting sample has been used for the study. Sample was divided in quota according to their job types: public sector employees, private sector employees and government sampling.

### B. Analysis of Data

In this section, researcher has try to analyses the data and draw a conclusion.

Table 1 represents that investor's investment characteristics/ position concerning kinds of investor, category (time horizon) of investment, size of the investment and their education levels. It suggested that overall investor's investment positions and their basic investment expectations and affordability of investment. The size of the investment of investors is 2, 00,000 – 4, 00,000 which indicated that the majority of the respondent is a Medium level in the Investment field. The majority of investor knows about Mutual fund by financial advisor (31.5%), Friend/Relatives (28.3%), Internet (17.4%).

Table 2  
Level of importance of the following investment objective

	p	Results
Insurance	.016	Accepted
Shares	.320	Accepted
Mutual Fund	.055	Accepted
Bank Deposits	.818	Accepted
Government Securities	.032	Accepted
Provident and pension Funds	.179	Accepted
Post office Saving Scheme	.003	Rejected
Real Estate	.000	Rejected
Gold / Silver	.022	Accepted
Bond / Debenture	.007	Accepted

Table 2 suggested that the null hypothesis fails to reject Insurance, Shares, Mutual funds, Bank deposits, Government

securities, Provident and pension funds, Gold/Silver, Bond/ Debenture and the null hypothesis has rejected the Post office saving schemes and Real Estate. So, the major investor gives their preference for making their investment safe and secure with a capital appreciation for their future benefits.

From the table 3, it can be interpret that majority people positive about investment in mutual funds. The data collected through 5 point likert scale where 1 = strongly agree and 5 = strongly disagree with 3 = neutral, after this data converted into two points i.e. positive and negative. Positive comprise average of strongly agree and agree while negative comprise average of neutral, disagree and strongly disagree. People prefer to make investment in mutual fund because of mutual fund provide regular return followed by less risky (because diversification and professionally management), easily accessibility, options available for make investment and easily make analysis before made investment. People have rated on the lower side compare on such factor such as lock in period and professional management guidance. But overall people are more positive for investment in the mutual fund.

### 5. Findings

- Majority of investor lies between 31 to 40 ages among 92 respondents in which 76.1% are male and 23.9 are female investors.
- Majority in Education level of investor lies in graduate about 47.8% and 22.8% secondary level education than come post graduate level which is 19.6% and p.8% in Primary level of education in which majority are Private employees that is around 39.1% and then businessman which are around 33.7% and then com serviceman which are about 15.2%, and including students which are 12% who are doing investment.
- Majority respondent's income lies between Rs.2, 00,000 to Rs.4, 00,000.
- 28.3 % of investor knows about mutual fund by their friends/relatives and 38% of investors are investing in mutual fund around 1 to 2 year.

Table 3  
Factor influencing investment in mutual fund

S. No.	Statements (MF Provides....)	Positive	Negative
1	Regular return.	40.00	22.00
2	Investment is less risky.	35.50	21.25
3	Easily accessibility	34.50	21.08
4	High Liquidity	33.00	20.83
5	Freedom to select lock-in-period	28.50	20.08
6	I select MF based on company's image.	30.00	20.33
7	I analysed past performance of MF before investment.	34.00	21.00
8	More transparency.	29.50	24.30
9	More safety/safe investment.	32.50	20.75
10	Opportunity to small investors/is beneficial to small investors.	33.50	20.92
11	Opportunity to withdraw money in urgency.	30.50	20.42
12	Opportunity of capital appreciation.	32.00	20.67
13	Future expectation from MF helps me to make investment.	33.00	20.83
14	Professional Management of fund guides me to make investment.	29.00	20.17
15	Investment grade issue by credit rating agency helps me to invest.	30.50	20.42
16	I conducts myself basic analysis before making invest in MF.	33.50	20.92
17	I can select best scheme for investment from no. of schemes available.	35.50	25.50
18	I refer scheme expense ratio before making investment in MF.	32.00	20.67
19	Investment in MF is problem free and convenience.	33.00	20.83
20	MF helps me to take benefit of diversification of fund.	34.00	25.20

- The majority investor main objective is to meet children's education and second priority is for purchasing any asset and third priority is gives to two things first is for tax deduction and second is for money appreciation.
- Investment purpose point of view, primary purpose is given to regular saving and secondary purpose of investment is to gain maximum return and third priority is given to tax benefit.
- Majority investor is interested in investing in Insurance, share, mutual fund, government securities, Provident Fund.
- Majority of educated investor like to invest in Insurance, share, mutual fund, bank deposit, government securities, Post office saving.

## 6. Conclusion

Mutual Funds are now a popular investment opportunity among the investors, as are easy to invest in and tend to give higher returns as compared to other asset class which are being used traditionally such as Fixed deposits, saving bank deposits, investment in gold etc. Fund is also being managed by Fund Managers and makes the investment more convenient for the investors. As a result, Mutual Fund has become a much sought after investment opportunity today with record investment in recent times. Due to high returns and diversified risks people are becoming more n more welcoming for Mutual Funds as Investment opportunities. It provides the investor with low risk-high returns plans.

There are an incredibly large number of mutual funds. While some mutual funds aim to produce short term, high yield profits, others look for the long term profit. But, large segment of investors are scared to invest in the capital market.

Some personal and family factors are pulling them in deciding different type of investments. Age, Gender and marital status are some of the socio demographic factors that share the

investors' decision and preference in making investments.

Major factor to make investment in mutual fund is regular return and less risky (because of diversification and professionally managed fund). People also reviewed about investment in mutual fund because large no. of options available as per the need and objective of investment form the side of investor. Overall people are more positive towards investment in mutual fund.

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